

Honolulu, Hawaii

MAR 24 2014

RE: H.B. No. 2482  
H.D. 1  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2482, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO CONDOMINIUMS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Amend the definition of "majority" or "majority of the unit owners" and make corresponding technical amendments associated with this amended definition;
- (2) Clarify that a lease rent collection system may be approved and an annual audit of an association's financial accounts and annual unannounced cash balance verification may be waived at an association meeting by a vote of a majority of all the unit owners if the association is composed of less than twenty owners; and
- (3) Make other technical amendments to the State's condominium law for purposes of clarity and consistency.

Your Committee received testimony in support of this measure from the Community Associations Institute, Hawaii Chapter; Hawai'i State Association of Parliamentarians; and Hawaii Council of Associations of Apartment Owners.



Your Committee finds that over time, small discrepancies and inconsistencies can appear within a statute, possibly resulting in confusion or disputes. This measure addresses certain inconsistencies and makes other clarifying amendments within chapter 514B, Hawaii Revised Statutes, relating to condominiums. Your Committee further finds that additional clarification is needed regarding cumulative voting as a method for minority representation on a condominium board of directors and with regard to filling vacancies on a board of directors. Thus, amendments to this measure are necessary.

Accordingly, your Committee has amended this measure by:

- (1) Clarifying the process for cumulative voting for an election at a meeting;
- (2) Clarifying that directors who are appointed to fill vacancies on a board of directors must stand for election at the next annual meeting or a duly noticed special meeting;
- (3) Inserting an effective date of July 1, 2014; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2482, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2482, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,



ROSALYN H. BAKER, Chair



The Senate  
 Twenty-Seventh Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB2482, HD1	CPN	3/18/14		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
NISHIHARA, Clarence K.	✓			
WAKAI, Glenn				✓
SLOM, Sam				✓
<b>TOTAL</b>	3	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<b>Distribution:</b> Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Only one measure per Record of Votes